



Earnings Release 2005 2Q

July 18, 2005



LG Electronics Inc.

This presentation has been prepared based on internally audited figures and final figures may change due to the results of independent auditors' review. All information in this presentation regarding the Company's financial results has been prepared on a non-consolidated basis in accordance with Korean GAAP.

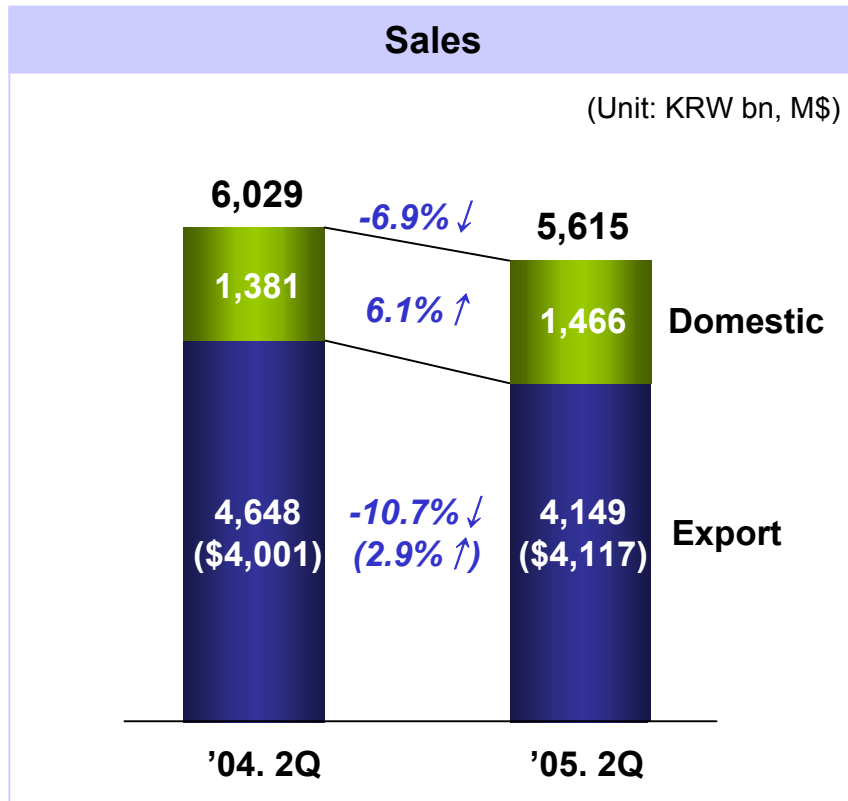
The presentation includes forward-looking statements regarding the Company's outlook for 2005 3rd Quarter and beyond, including projected sales. These forward-looking statements also refer to the Company's results on a non-consolidated basis. These forward-looking statements are subject to known and unknown risks and uncertainties that may cause actual results to differ materially from those stated or implied by such statements. The Company assumes no obligation or responsibility to update the information provided in the presentations in correspondence to their respective dates.

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- ◆ Domestic sales increased due to the growth in seasonal product sales, but overall sales decreased 7% YoY due to the Won appreciation and slowdown in exports.
- ◆ Profits declined YoY due to a fall in handsets and display products profitability.

(Unit: KRW bn)

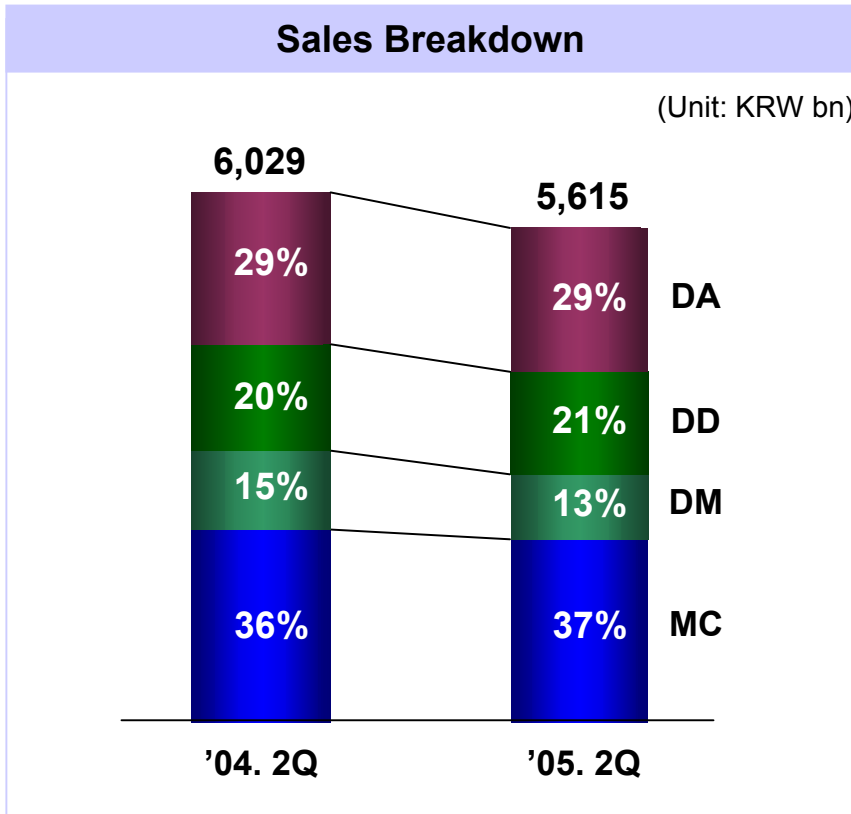


Results	'05. 2Q	YoY	
		YoY	QoQ
Sales	5,615	-6.9%	-5.8%
Gross Profit (Margin)	1,395 24.8%	-7.5%	-6.7%
Operating Profit (Margin)	144 2.6%	-63.4%	-48.6%
EBITDA* (Margin)	353 6.3%	-36.6%	-30.2%
Recurring Profit (Margin)	216 3.8%	-67.9%	181.8%
Net Profit (Margin)	151 2.7%	-69.5%	81.0%

* EBITDA : Operating Profit + Depreciation & Amortization

- ◆ DA : Double digit op. margin due to cost reduction and strong sales of seasonal products.
- ◆ DD : Monitor profitability declined, but PDP profits is improving.
- ◆ DM : Cost reduction offset ASP decline and improved profitability QoQ.
- ◆ MC : Profits fell due to fierce competition and non recurring costs items.

(Unit: KRW bn)

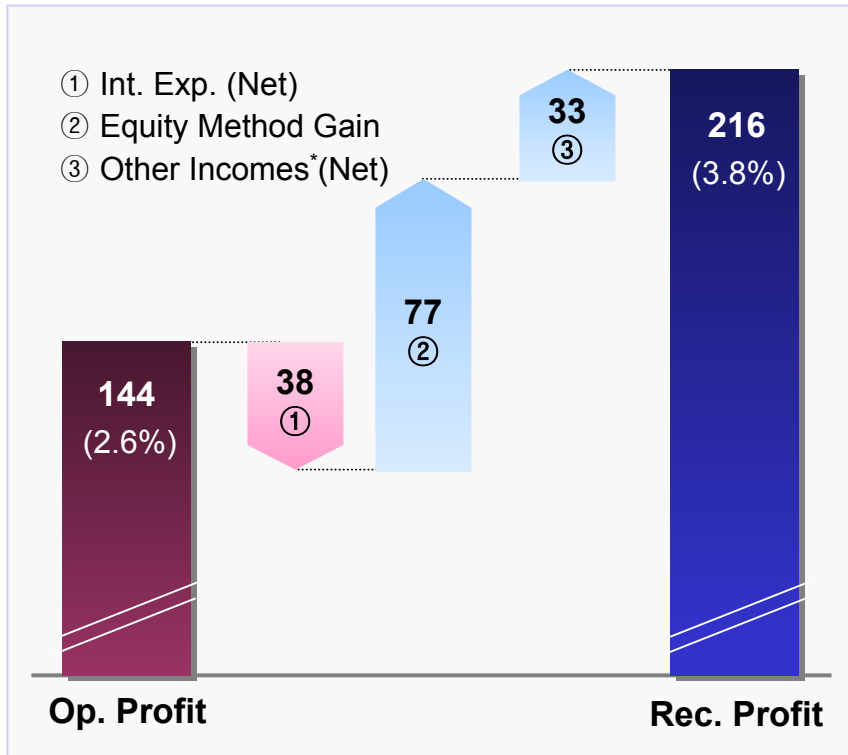


Results by Division		'05. 2Q		
			YoY	QoQ
DA	Sales	1,621	-5.9%	-2.9%
	Op. Profit (Margin)	162 10.0%	-5.8%	-4.4%
DD	Sales	1,155	-2.3%	-7.8%
	Op. Profit (Margin)	-22 -1.9%	n/a	n/a
DM	Sales	732	-18.1%	-13.5%
	Op. Profit (Margin)	27 3.7%	-46.2%	17.5%
MC	Sales	2,081	-5.1%	-3.4%
	Op. Profit (Margin)	8 0.4%	-94.2%	-91.7%
Handset	Sales	1,822	-5.2%	-2.8%
	Op. Profit (Margin)	-4 -0.2%	n/a	n/a

◆ Equity method gains due to stronger performance by domestic and overseas affiliates.

2005 2Q

(Unit: KRW bn)



2005 2Q Equity Method

(Unit: KRW bn)

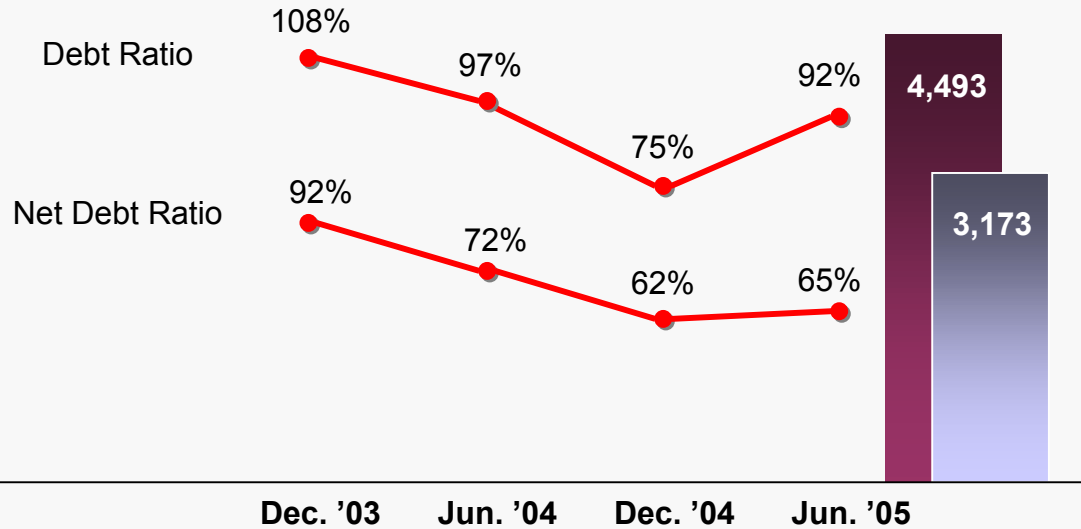
Company	Equity Method Contribution
LG.Philips LCD	16
LG.Philips Displays	-20
Overseas Subsidiaries and Others	81
Total	77

* Other Incomes (Net) = F/X Income (20bn) + Others (13bn) = 33bn

◆ Total debt to equity ratio rose temporarily in 2Q 2005 due to foreign debt issue.

Debt

(Unit: KRW bn, Company)



	Dec. '03	Jun. '04	Dec. '04	Jun. '05
Total Liab. to Equity	222%	195%	164%	192%
Debt to Equity	108%	97%	75%	92%
Net Debt to Equity	92%	72%	62%	65%
ROE	20%		36%	

Balance Sheet

(Unit: KRW bn, Company)

Jun. 2005

Assets 14,299

- Current Assets 4,880

- Fixed Assets 9,419

Liabilities 9,397

- Current Liabilities 5,707

- Fixed Liabilities 3,690

Equity 4,902

- Capital Stock 785

- Capital Surplus 1,908

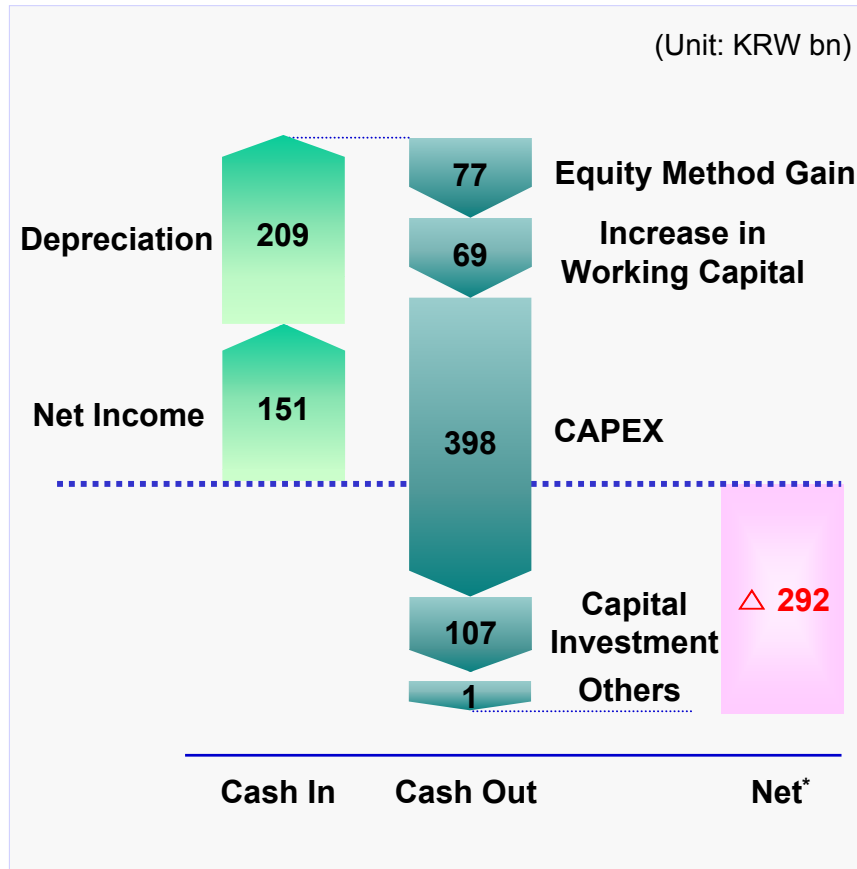
- Retained Earnings 2,066

- Capital Adjustment 143

- ◆ Net cash outflow of KRW 292bn due mainly to investments in PDP capacity expansion and new integrated handset production lines.

Net Cash Flows

('05. 2Q)



Cash Flows

('05. 2Q)

(Unit: KRW bn)

Cash at the Beginning of the Quarter	1,088
Cash Flows from Operating Activities	212
Net Income	151
Depreciation	209
Equity Method Gain	△77
Increase in Working Capital	△69
Others	△1
Cash Flows from Investing Activities	△504
Increase in Tangible Asset	△398
Increase in Investment Assets	△106
Cash Flows from Financing Activities	524
Increase in Debt	759
Dividends paid	△235
Net Increase in Cash & Cash Equiv.	232
Cash at the End of the Quarter	1,320

* Excluding Cash Flows from Financing Activities

- ◆ Consolidated sales declined 4.3% YoY to 10.95tn
- ◆ Operating profit and recurring profit fell YoY due to lower profits at LGE parent and LPL.

Consolidated & Global F/S

(Unit: KRW bn)

		05 2Q	04 2Q	YoY
Consolidated F/S	Revenue	10,955	11,442	-4.3%
	Op. Profit	357	1,267	-71.8%
	Rec. Profit	251	1,050	-76.1%
Global F/S*	Revenue	8,837	9,079	-2.7%
	Op. Profit	294	557	-47.2%
	Rec. Profit	257	403	-36.2%

* Global F/S : Based on LGE parent and LGE overseas subsidiaries only

Consolidated Balance Sheet

(Unit: KRW bn)

Assets	32,120
- Current Assets	15,592
- Fixed Assets	16,528
Liabilities	23,704
- Current Liabilities	16,128
- Fixed Liabilities	7,576
Equity	8,416

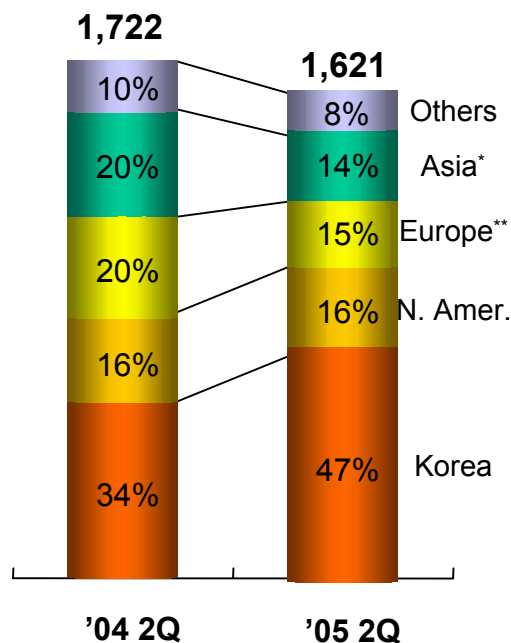
	2004	2005 2Q
Total Liab. to Equity	243%	282%
Debt to Equity	141%	165%
Net Debt to Equity	106%	123%

II . Performance and Outlook by Sector

Digital Appliance

Sales Breakdown by Region

(Unit: KRW bn, %)



* Including Middle East

** Including CIS

2005 2Q Performance

❖ Sales : Declined 6% YoY to KRW 1.6tn

- Domestic : Sales up 32% YoY
 - Strong sales of air conditioner pushed up overall sales
- Overseas : Exports down 25% YoY
 - Drum type washing machine and 3-door refrigerator sales strong in developed market.
 - Won appreciation and transfer of low-end product manufacturing overseas were the prime cause of the sales decline

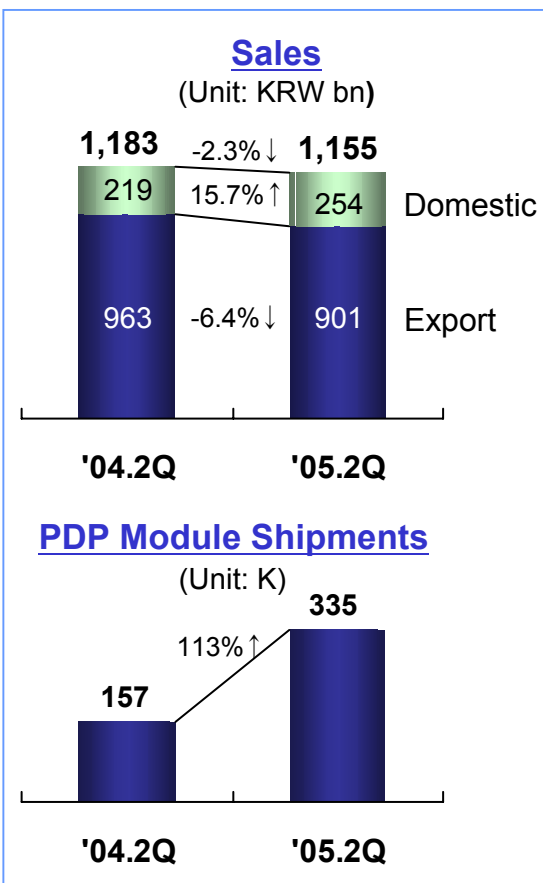
2005 3Q Outlook

❖ Concentrate on domestic and major overseas markets with high-end products

- Focus on premium brand products, such as commercial A/C, DIOS refrigerator, and TROMM to reinforce sales and profitability
- North American brand business to expand with entry to “Home Depot”

II . Performance and Outlook by Sector

Digital Display



2005 2Q Result

❖ **Sales : Declined 2% to KRW 1.16tn**

Export declined 6% due to decreased sales of CRT TV and Won appreciation

- DTV : 42% YoY growth mainly on PDP and LCD TV
 - PDP TV : Sales up 80% YoY
 - LCD TV : Sales up 192% YoY
- PDP Module : Shipment up 113% YoY

2005 3Q Outlook

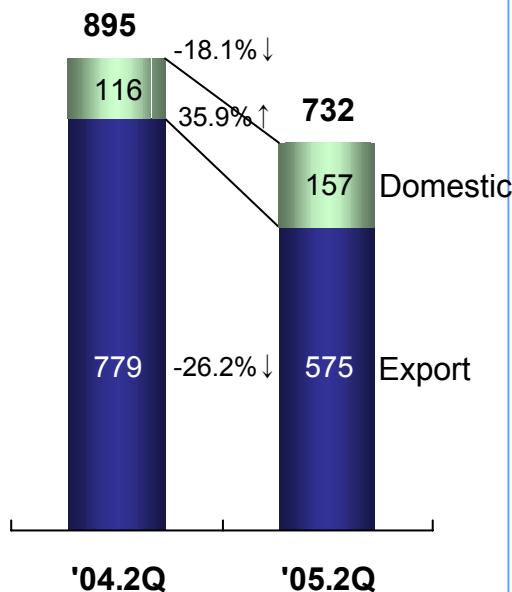
❖ **Expect strong demand for DTVs as retail prices decline**

- DTV : Expect demand to led by flat displays : PDP and LCD TV
- PDP Module : Sales expected to rise as supply/demand improve
- Monitor : Strengthen competitive edge in mid/large-sized LCD monitor

II . Performance and Outlook by Sector

Digital Media

Sales
(Unit: KRW bn)



2005 2Q Result

❖ **Sales : Declined 18% YoY to KRW 732 bn**

Sales declined due to market contraction and fierce competition

- Optical Storage : Sales declined due to relocation of DVD-W production overseas and price erosion
- AV : Sales declined YoY due to slower-than-expected demand for DVD-R and price erosion
- PC : Sales up 17% YoY helped by strong domestic brand sales

2005 3Q Outlook

❖ **Expect continued price erosion due to intensified competition**

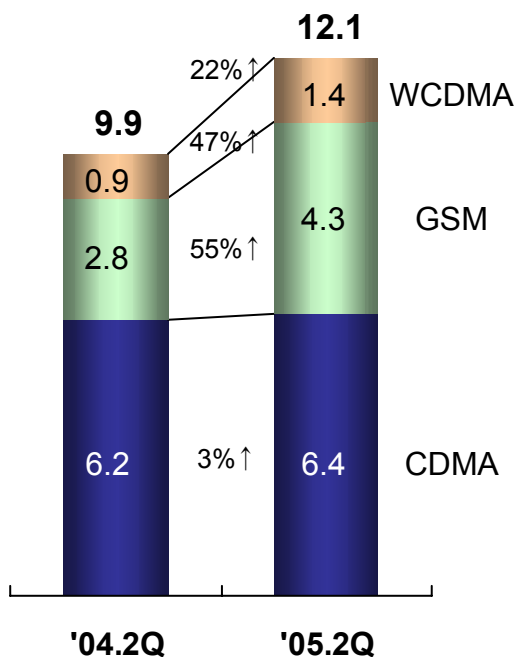
❖ **Concentrate on cost competitiveness and premium products**

- Optical Storage : Focus on premium products and reinforce cost competitiveness by internalizing core components
- AV : Sales increase expected YoY with the start of high-demand season and new product launch
- PC : Increase premium product sales in response to Notebook PC price erosion

II . Performance and Outlook by Sector

Mobile Communications

Sales Breakdown by Tech.
(M units)



2005 2Q Result

❖ **Handset : Sales declined 5% YoY to KRW 1.82tn**

- Unit shipment up 22% YoY to 12.1 million
- Growth rate declined due to fierce competition and profit decreased due mainly to several non-recurring cost items

- CDMA Maintained leading position in major markets
- GSM Slowdown of growth due to competition in major markets
- WCDMA Sales increase due to expanding European 3G service

2005 3Q Outlook

❖ **Boost new model launch, and meet new overseas market demand**

- CDMA
 - Domestic : Sales of high tech convergence phones are expected to rise such as: DMB, Game, 5M-pixel Camera phones, etc.
 - Overseas : Maintain strong position in N. America
- GSM
 - Expand N. American sales and place strong efforts on open market / new market demand
- WCDMA
 - Reinforce 3G business in line with expanding European 3G service

II . Performance and Outlook by Sector

LG.Philips LCD

* Based on consolidated Korean GAAP,
Un-audited and un-reviewed.

** ASP per square meter of net display

2005 2Q Result & 3Q Outlook

- ❖ **Sales : 2,308 bn won* / Operating Profit : 29 bn won***
 - Sales up 12% QoQ driven by panel shipment increase.
 - P6 2Q average input glass : 72K input sheets /month
- ❖ **Product mix improved with large-size panels increasing**
 - TV revenue portion grew to 24%, led by ramp-up of P6
 - Maintained No.1 position in large size panel revenue with market share of over 24%. (DisplaySearch)
- ❖ **Shipment and ASP** expected to increase in 3Q due to continuing growth in monitor and TV shipments**

LG.Philips Displays

* Excluding restructuring costs

2005 2Q Result & 3Q Outlook

- ❖ **Sales : US\$ 748 mn* / Operating Profit : US\$ - 3 mn***
 - Sales down 13% QoQ
 - CPT sales were weak in Europe/China
 - CRT shipments down 6% QoQ mainly due to decrease in CDT sales
- ❖ **Sales expected to decline YoY in 3Q mainly due to decrease in CRT demand**

III. 2005 2H Forecast

- ◆ Difficult business environment likely to persist due to intensifying handset market competition and falling prices of display products
- ◆ Focus on accelerating cost innovation and emphasize profitability oriented management

2H Risk

- Uncertain outlook for domestic consumption
- Increasing raw material costs and F/X fluctuation
- Display product ASP decline
- Intensifying handset market competition

Maximize Business Result

- DA
 - Expand premium brand products in developed market
 - Maintain profit oriented management
- DD
 - Marketing reinforcement for DTV market
 - Strengthen cost competitiveness thru Cost Innovation
- DM
 - Product differentiation to maintain market leadership
 - Focus on new high-end growth products and expand new business areas
- MC
 - Improve R&D and design efficiency
 - Secure cost competitiveness

Sales and Profits by Division - Like for Like Comparison

Appendix

(Unit: KRW bn)

Section			2004					2005				
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Digital Appliance	Sales	Domestic	387	582	534	478	1,981	494	765			1,259
		Export	1,379	1,141	877	837	4,234	1,175	856			2,031
		M\$	\$1,177	\$982	\$760	\$763	\$3,681	\$1,150	\$849			\$1,999
		Total	1,766	1,722	1,411	1,316	6,216	1,669	1,621			3,290
	Operating Profit		210	172	77	-10	448	170	162			332
Digital Display	Sales	Domestic	227	219	203	215	864	263	254			517
		Export	1,051	963	964	1,141	4,119	990	901			1,891
		M\$	897	829	835	1,043	3,604	\$968	\$894			\$1,862
		Total	1,278	1,183	1,167	1,356	4,983	1,253	1,155			2,408
	Operating Profit		82	41	23	-57	89	17	-22			-5
Digital Media	Sales	Domestic	125	115	115	116	472	179	157			336
		Export	917	779	838	797	3,331	667	575			1,242
		M\$	\$782	\$671	\$726	\$726	\$2,905	\$652	\$571			\$1,223
		Total	1,042	895	953	913	3,803	846	732			1,579
	Operating Profit		55	50	39	30	174	23	27			50
Mobile Communications	Sales	Domestic	493	429	345	357	1,624	333	265			598
		Export	1,371	1,764	2,180	2,544	7,859	1,822	1,816			3,638
		M\$	\$1,169	\$1,518	\$1,888	\$2,318	\$6,893	\$1,785	\$1,801			\$3,586
		Total	1,864	2,193	2,525	2,901	9,484	2,155	2,081			4,236
	Operating Profit		66	146	234	191	636	102	8			110
Handset	Sales	Domestic	373	322	258	223	1,177	258	174			432
		Export	1,204	1,599	2,027	2,344	7,174	1,615	1,647			3,262
		M\$	\$1,026	\$1,376	\$1,755	\$2,136	\$6,293	\$1,582	\$1,634			\$3,216
		Total	1,577	1,921	2,285	2,568	8,351	1,873	1,822			3,695
	Operating Profit		49	123	215	143	530	67	-4			63
Company	Sales	Domestic	1,276	1,381	1,241	1,187	5,086	1,302	1,466			2,768
		Export	4,720	4,648	4,871	5,334	19,573	4,657	4,150			8,806
		M\$	\$4,027	\$4,001	\$4,218	\$4,864	\$17,109	\$4,556	\$4,117			\$8,673
		Total	5,996	6,029	6,113	6,521	24,659	5,959	5,615	0	0	11,574
	Gross Profit		1,423	1,508	1,537	1,456	5,923	1,496	1,395			2,891
	Operating Profit		407	393	355	95	1,250	280	144			424
	Recurring Profit		732	672	442	14	1,860	77	216			292
Net Profit		585	493	304	163	1,546	83	151			234	

◆ Income Statement

(Unit: KRW bn)

	2004					2005				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	5,996	6,029	6,113	6,521	24,659	5,959	5,615			11,574
COGS	4,574	4,521	4,576	5,065	18,736	4,463	4,220			8,683
Gross Profit	1,423	1,508	1,537	1,456	5,923	1,496	1,395			2,891
SG&A	1,016	1,115	1,182	1,361	4,674	1,216	1,251			2,468
Op. Profit	407	393	355	95	1,250	280	144			424
Non OP	326	280	86	-81	610	-203	72			-131
Rec Profit	732	672	442	14	1,860	77	216			292
Tax	148	179	137	-150	314	-7	65			59
Net Profit	585	493	304	163	1,546	83	151			234

◆ Balance Sheet

(Unit: KRW bn)

	2004				2005			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	12,053	13,061	13,581	13,234	13,563	14,299		
Current Asset	4,062	4,718	4,530	4,111	4,666	4,880		
Quick Asset	2,530	3,088	2,858	2,436	3,129	3,399		
Inventories	1,532	1,630	1,672	1,675	1,537	1,481		
Fixed Asset	7,991	8,343	9,051	9,124	8,896	9,419		
Investment	4,005	4,165	4,857	4,859	4,590	4,839		
Tangible	3,195	3,425	3,490	3,630	3,704	4,010		
Intangible	791	752	704	636	602	570		
Liabilities	8,192	8,635	8,651	8,218	8,841	9,397		
Current Liabilities	5,294	5,103	5,060	4,959	5,558	5,707		
Fixed Liabilities	2,898	3,531	3,592	3,259	3,283	3,690		
Capital	3,861	4,426	4,930	5,016	4,721	4,902		
Capital Stock	784	784	784	784	785	785		
Capital Surplus	1,892	1,908	1,908	1,908	1,907	1,908		
Retained Earning	1,149	1,648	1,896	2,064	1,915	2,066		
Capital Adjustment	36	87	342	261	114	143		



<http://www.lge.com>